

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Robert Sakamaki and Darlene Sakamaki

Address 1314 S. King Street, Suite 954, Honolulu, Hawaii 96814

Project Name(*): 3261 & 3261A KILIHUNE PLACE

Address 3261 & 3261A Kilihune Place, Honolulu, Hawaii 96814

Registration No. 5564 (conversion)

Effective date: June 22, 2010

Expiration date: July 22, 2011

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

☐ **PRELIMINARY:**
(yellow)

The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

☐ **FINAL:**
(white)

The developer has legally created a condominium and has filed complete information with the Commission.

☐ No prior reports have been issued.

☐ This report supersedes all prior public reports.

☐ This report must be read together with _____

☒ **SUPPLEMENTARY:**
(pink)

This report updates information contained in the:

☐ Preliminary Public Report dated: _____

☒ Final Public Report dated: March 16, 2005

☐ Supplementary Public Report dated: _____

And

☐ Supersedes all prior public reports

☒ Must be read together with Final Public Report

☐ This report reactivates the _____
public report(s) which expire on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/0800/0203/0104/0107

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

☐ Required and attached to this report

☒ Not Required - disclosure covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

☐ No prior reports have been issued by the developer.

☒ Changes made are as follows:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

☐ No prior reports have been issued by the developer.

☒ Changes made are as follows:

1. This Supplementary Public Report revises and/or updates the following pages in the Final Public Report dated March 16, 2005: Pages 1, 2, 3, 5, 14, 18, 19, 20, 21 and Exhibits H and K. A summary of the changes are as follows:

- (a) The real estate broker for the Project is Prudential Advantage Realty;
- (b) The escrow for the Project is Old Republic Title & Escrow of Hawaii;
- (c) The attorney for the Project is Michael H. Sakai;
- (d) An updated title report was obtained. The prior mortgage liens have been released. Items 8 and 9 of the search will be cleared at the time of closing of the sale of Unit 3261A (items 7 and 8 of Exhibit "H").

2. The Developer has sold Unit 3261. Only Unit 3261A is still retained by the Developer and is available for sale.

3. The Developer's Final Public Report expired on April 16, 2006. Pursuant to Section 16-107-19, Hawaii Administrative Rules, sales contracts executed during the period that the Public Report was not in effect may be rescinded at the option of the purchaser and all monies refunded to the purchaser. The purchaser's right to rescind under this rule shall be void thirty (30) calendar days after receipt of written notification of these rights from the Developer or his real estate agent.

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.

2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.

3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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I. PERSONS CONNECTED WITH THE PROJECT

Developer:	<u>Robert Sakamaki and Darlene Sakamaki</u> Name <u>1314 S. King Street, Suite 954</u> Business Address <u>Honolulu, Hawaii 96814</u>	Phone: <u>(808) 589-2708</u>
Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary)		
<u>Not Applicable</u>		
Real Estate Broker*:	<u>Prudential Advantage Realty</u> Name <u>4211 Waialae Avenue, Box 9050</u> Business Address <u>Honolulu, Hawaii 96816</u>	Phone: <u>(808) 738-3600</u> (Business)
Escrow:	<u>Old Republic Title & Escrow of Hawaii, Inc.</u> Name <u>900 Fort Street Mall, Suite 1900</u> Business Address <u>Honolulu, Hawaii 96813</u>	Phone: <u>(808) 566-0100</u> (Business)
General Contractor:	<u>Not Applicable</u> Name <u>Business Address</u>	Phone: <u>(808)</u> Business)
Condominium Managing Agent:	<u>Self managed by the Association of Unit Owners</u> Name <u>Business Address</u>	Phone: <u></u> (Business)
Attorney for Developer:	<u>Michael H. Sakai</u> Name <u>201 Merchant Street, Suite 902</u> Business Address <u>Honolulu, Hawaii 96813</u>	Phone: <u>(808) 531-4171</u> (Business)

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

2. Limited Common Elements: Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☒ described in Exhibit G

☐ as follows:

Note: Land area referenced herein are not legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest". It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☐ described in Exhibit ____.

☒ as follows:

Unit 3261:	20.90%
Unit 3261A:	<u>79.10%</u>

100.00%

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit H describes the encumbrances against the title contained in the title report dated May 7, 2010 issued by Old Republic Title & Escrow of Hawaii

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

☐ Notice to Owner Occupants

☒ Specimen Sales Contract

Exhibit J contains a summary of the pertinent provisions of the sales contract.

☒ Escrow Agreement dated May 26, 2010

Exhibit K contains a summary of the pertinent provisions of the escrow agreement.

☐ Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by a developer are binding if:

A) The Developer delivers to the buyer a copy of:

1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Report issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime
 - C) Bylaws of the Association of Apartment Owners
 - D) House Rules, if any. (NONE)
 - E) Condominium Map
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other: Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of law: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is part of Registration No. 5564 filed with the Real Estate Commission on November 4, 2004.

Reproduction of Report. When reproduced, this report must be on:

☐ yellow paper stock ☐ white paper stock ☒ pink paper stock

C. Additional Information Not Covered Above

NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

MAINTENANCE FEES. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report. The only common element is a walkway and the Developer believes if future repair and replacement is needed, it will be treated as a special assessment.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

RESERVES. Developer discloses that no reserve study was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair.

LEAD WARNING STATEMENT. Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazard is recommended prior to purchase". The Developer discloses that he does not have an assessment or inspections relating to lead-based paint.


HAZARDOUS MATERIALS. The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutant, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the apartment or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.


DISPROPORTIONATE COMMON INTEREST. Since the Owner of Unit 3261A has 79.10% of the common interest in the project, the Owner of Unit 3261A has the unilateral right to amend the Declaration and Bylaws and to pass all rules and regulations of the project.

TENANT RESTRICTION. As long as the Developer owns a unit in the project, the unit owner of Unit 3261 can not lease his/her unit. This restriction will terminate upon the sale of Unit 3261A.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6]. (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Robert Sakamaki and Darlene Sakamaki
Printed Name of Developer

By:  5-19-10
Robert Sakamaki Date

By:  05-19-10
Darlene Sakamaki Date

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

EXHIBIT "H"
Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. A Grant of Easement in favor of Hawaii Electric Company, Inc., and GTE Hawaiian Telephone Company Incorporated, now known as Hawaiian Telcom, Inc., dated April 8, 1944, granting a perpetual right and easement to maintain and operate pole and wire lines, recorded in the Bureau of Conveyances, State of Hawaii, in Book 1815, Page 482.
3. Easement (5 feet wide) for utility purposes, as shown on File Plan No. 404.
4. Condominium Map No. 3455 filed in the Bureau of Conveyances, State of Hawaii.
5. The terms, provisions, reservations, covenants, conditions and restrictions, as contained in the Declaration of Condominium Property Regime, recorded June 7, 2002, in said Bureau , as Document No. 2002-105047.
6. The terms, provisions, reservations, covenants, conditions and restrictions, as contained in the Bylaws of the Association of Apartment Owners of "3261 & 3261A Kilihune Place" recorded in said Bureau, as Document No. 2002-105048.
7. District Court Judgment against Robert B. Sakamaki, in favor of Unifund CCR Partners, a New York partnership, being Case No. 1RC 090-1-9940, recorded December 16, 2009, in said Bureau, as Document No. 2009-191367. [To be released at closing]
8. District Court Judgment against Robert B. Sakamaki, in favor of Unifund CCR Partners, a New York partnership, being Case No. 1RC 090-1-9939, recorded December 16, 2009, in said Bureau, as Document No. 2009-191368. [To be released at closing]
9. For real property taxes, your attention is directed to the Director of Finance, City and County of Honolulu.

EXHIBIT "K"
Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is Old Republic Title & Escrow of Hawaii. Under the Escrow Agreement dated May 26, 2010, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The unit deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there are any conflicts between the terms of this summary and the Escrow Agreement, the latter shall control.